In the Supreme Court of the United States.

ALFRED H. BURT AND JOSEPH J. SINDELE, PLAINTIFFS IN ERROR, vs. WILLIAM W. SMITH.	October Term, 1906. No. 67.

PETITION FOR REHEARING.

The plaintiffs in error herein respectfully petition this Honorable Court for a rehearing herein upon the grounds hereinafter set forth:

That defendant in error made no motion to dismiss the appeal for want of jurisdiction, and in his brief and on the hearing here made no argument and cited no authorities on that question; that the first suggestion of an argument against jurisdiction was in the oral suggestion of some of the Justices of this Court on the hearing, and later the statements in the opinion; that plaintiffs' counsel had examined the authorities fully on the question of jurisdiction of this Court and cited numerous authorities on that point in his brief (Point Fifth, pp. 41-43), none of which are referred to by defendant's coun-

sel in his brief or on the argument, and had fully believed the question of the jurisdiction of this Court was not seriously questioned and was not open to argument; that the trial court directed a non-suit solely on the ground that the temporary injunction was a bar, but suspended judgment until the decision of the Appellate Division; that that Court reversed the non-suit and ordered a new trial; *that the Court of Appeals was the first Court that awarded a judgment* and was the first Court that called in question in any way the effect of the former judgment as res judicata upon the issues determined by it, by placing its judgment solely and expressly upon a determination of such resemblance as constitute infringement without referring to the former judgment, and that such decision of the Court of Appeals is by the Court, described in Section 709 as "the highest court of a State in which a decision in the suit could be had," that the alleged error by such Court was duly pointed out by plaintiffs' assignments of error, that in fact and in law there *has never been any hearing, upon the merits herein* (unless in the Court of Appeals), that plaintiffs have not had any opportunity to discuss the considerations and authorities concerning the question of the jurisdiction of this Court presented in its opinion; and in the belief that this Court has jurisdiction under Section 709, and the uniform course of decisions, they respectfully pray for an opportunity by a rehearing to present that question.

In support of such application your petitioners further set forth the following grounds, to wit:

I.

The opinion here appears to recognize that the only ground upon which the Court of Appeals could reach the conclusion of reasonable and probable cause was upon the ground that the defendant stood excused because he made a "mistake of law."

It *could* not have gone on any mistake of fact because the only case where probable cause can be held by the Court as a

question of law is "where the facts are undisputed and admit of but one inference."

Hazzard vs. Flury, 120 *N. Y.,* 223, 225.
Wass vs. Stephens, 128 *N. Y.,* 123, 127.
Stewart vs. Sonneborn, 98 *U. S.,* 187.
Hayne vs. Blair, 62 *N. Y.,* 19.

But upon this record it was legally impossible for that Court to hold probable cause as a defense on the ground of mistake of law.

The rule is practically universal that every man who is charged with having violated the law, either civil or criminal, is presumed to have known the law.

Hazzard vs. Flury, 120 *N. Y.,* 223, 227.

The only relaxation of that rule in malicious prosecution is that the defendant may show that *he stated the facts fully and* "that the defendant may show that *he stated the facts fully and fairly to counsel* learned in the law *and was advised by such counsel* that he could in law maintain the action, and that he acted in good faith upon such advice.

It is not believed that there is any authority which has ever asserted that mistake of law can be availed of as a defense in malicious prosecution, on either malice or probable cause, except upon proof of "advice of counsel."

Thompson vs. Lumley, 1 *Abb. N. C.,* 254, 261-2; *Affirmed without opinion,* 64 *N. Y.,* 631.
Addison on Torts (Woods Ed.), Par., 855, *p.* 74. *Note* 1, *citing cases.*
Stewart vs. Sonneborn, 98 *U. S.,* 187.
Crescent City, etc., Co. vs. Butchers' Union, 120 *U. S.,* 141.

The record in this case shows no allegation or evidence of advice of counsel. In New York such advice is admissible on the question of *malice, but not on probable cause.*

Hazzard vs. Flury, 120 *N. Y.,* 223, 227.

And as probable cause can never be decided as a question of law except on undisputed facts, it was not open to defendant on the appeal to claim any mistake of fact; its only possible ground for reversal was that the undisputed facts, to wit, the packages and drops conclusively established reasonable and probable cause, as a pure *matter of law*. In other words, the only question presented by the record was whether in *judgment of law* the packages and drops, *without any other facts*, were of themselves reasonable and probable cause to believe that the action could be maintained; not what some person or judge might conjecture or erroneously decide, but what the *law* now and always says.

The defense of probable cause nearly always rests on evidence of other facts—as some mistake or deception in facts or failure of evidence or in some jurisdictions on "advice of counsel"—but here *the defense rests wholly on the identical facts which were adjudicated upon in the former action.* Not only does the decision of probable cause by the Court exclude every inference from facts, but the non-suit and the limitation of jurisdiction of that Court bound it to the pure question of law, to-wit, does *the law* say conclusively that *as matter of law* the packages and drops alone were reasonable and probable cause. These are the vital facts, which were insisted on in plaintiffs' brief, but not expressly referred to in the opinion.

The defendants gave no evidence, but stipulated judgment absolute, and the question of reasonable and probable cause was necessarily adjudged *on the facts only*, which were adjudged in the former suit. This defense of mistake of law was barred in the Court of Appeals (and here) by the rule of New York and of general jurisprudence on the authorities above cited.

The only other possible defense was that the defendant *was not mistaken*, but upon the evidence of packages and drops he had *in judgment of law* reasonable and probable cause; and from the reading of the opinion and the above considerations and authorities it is respectfully submitted that it is morally impossible to hold that the Court of Appeals did not so hold, and that that is the only ground of its judgment. It was a sufficient ground, but for the force of the former judgment

between the same parties, which that court presumably overlooked or denied because it does not refer to it on that point.

In its statement of facts, however, it does state what that judgment was (Record, fol. 218); and the record of the judgment *was in evidence,* pp. 27-65.

II.

Your petitioners, in the light of the above considerations, respectfully ask the Court to review its interpretation of the opinion of the Court of Appeals.

That Court, by its opinion, fully recognizes the uniform rule that, *in the absence of proof of advice of counsel and mistake of law,* it could not decide purely as a question of law and solely upon the drops and packages, that the defendant had in judgment of law reasonable and probable cause. It is submitted that in all candor a reading of the latter part of the opinion of the Court of Appeals (fols. 220-222) leads to no other conclusion than that it did not consider that the adjudication of that judgment upon the question of infringement was binding upon it in this action, and proceeded to discuss that question solely upon the drops and packages, and reached the decision that "because" plaintiffs so nearly resembled defendants that they gave defendant a cause of action for infringement, he had probable cause to bring the action.

Upon this record, under the law of New York and of this Court and of general jurisprudence, that court could not relieve the defendant upon the ground of probable cause because he had made a mistake of law; and the only other ground upon which to reverse an order of final judgment in a non-suit was that plainly stated in the opinion itself.

Under Rule 8 of this Court it accepts the opinion of the Court below as a part of the record.

"The principal, if not the only object of requiring the opinion to be annexed to and transmitted to this Court, was that we might be informed of the grounds upon which the Court below proceeded. Unless the rule had at least that object, why should it have been adopted?" (*Loeb vs. Trustees,*

179 *U. S.*, 472, 483-4; *Ward vs. Denny*, 158 *U. S.*, 181, *Murdock vs. Memphis*, 20 *Wallace*, 633, *Eagan vs. Hart*, 165 *U. S.*, 188, 190.)

This Court has often examined the opinions of the court of last resort to determine the grounds upon which the opinion rested its decision. (*Columbia W. Power Co. vs. Columbia, etc., Co.*, 170 *qus*, 475, 486-8; *Yazoo, etc., Co. vs. Adams*, 180 *U. S.*, 1, 9-16; *Southern Pacific R. R. Co. vs. U. S.*, 168, *U. S.*, 1, 49-58.) Its plain statement of the ground upon which it holds probable cause conclusively as matter of law is confirmed by the plain legal fact that there was nothing else in the record upon which it *could* rest such decision. It is a fair statement that that opinion does not even hint at any of the reasons for its decision suggested in the opinion here.

III.

Your petitioners respectfully submit that the suggestion that "probable cause does not mean sufficient cause," or that a trial or Appellate Court might conclude from the record that it would have decided the former case the other way, are covered by the suggestions in heads 1 and 2 of this petition.

The Court of Appeals, however, say neither of these things. Of course reasonable and probable cause might exist when suit began, but the evidence might fall short of the information acted on. But held as *matter of law* probable cause must be reasonable cause to warrant the honest belief that it is sufficient in law to support the action.

The equivalency of the word "sufficient" to "reasonable and probable" is not a proper test. But where the facts adjudicated upon in the former suit, to-wit, the packages and drops, were *the same* and *the only facts* before the Court of Appeals, the latter court could not hold in this suit between the same parties that the former judgment was *as matter of law* against reason, or without reasonable or probable cause; nor could the defendant be heard to allege that the same facts which were adjudged not to be or to constitute a cause of action were in law themselves reasonable and probable cause to believe that they were

a cause of action. The fundamental verities of the law are that it is reasonable, and that it is to be applied equally and impartially.

There is no authority for the view, that, in malicious prosecution a court may hold on the same facts that the former judgment was not according to reason; or that every judgment does not at least affirm that there was reasonable and probable cause for it.

The vital fact in this case is that the only facts the State Court *could* or *did* consider were *the same* as those adjudicated upon in the former suit.

This is the only key to the only question presented, to-wit, probable cause *as a question of law;* and that there is nothing to show that defendant obtained or acted on the "advice of counsel."

"In the absence of fraud, no question can be entertained lying within the jurisdictional sphere of the original judgment. Infinite confusion and mischiefs would ensue if the rule were otherwise."

Laing vs Rigny, 160 *U. S.,* 531, 542.

IV.

Your petitioners submit that it would be manifest error to hold that the Federal question arising out of the denial of the due force and effect of the former Federal judgment was not presented in this action.

"Whether due force and effect has been given to a judgment or decree of a court of the United States is a Federal question within the jurisdiction of this court."

Crescent City Live Stock Co. vs. Butchers' Union, 120 *U. S.,* 141.

Central Nat. Bank vs. Stevens, 169 *U. S.,* 432, 460.

Deposit Bank vs. Frankfort, 199 *U. S.,* 499, 514-516.

The question whether such a State judgment "denies the validity of an authority exercised under the United States" arises directly under the first clause of Section 709.

Mutual Life Ins. Co. vs. McGraw, 188 *U. S.,* 291, 311.

Telluride P. & C. Co. vs. R. G. & R. W. R. Co., 175 *U. S.,* 639, 643.

Tullock vs. Mulvane, 184 *U. S.,* 497, 505.

Where the judgment is pleaded *as a judgment* and placed in evidence a Federal question might often arise under the third head of Section 709.

The uniform rule of this Court appears to have been that where the judgment is properly in evidence and the State Court has refused to give it its due force and effect as a judgment, such court has thereby drawn in question the "validity" of the judgment.

See cases above cited.

Dupasseur vs. Rochereau, 88 *U. S.,* 130.

In the *Crescent City, etc., Co. vs. Butchers' Union,* 120 *U. S.,* 141, and in *Southern Pac. R. R. Co. vs. U. S.,* 168 *U. S.,* 1, 60, the former judgment was not pleaded, but offered and received in evidence.

In the latter case, which received careful consideration, the opinion says: "The former judgment, *if admissible in evidence at all, is conclusive* of the matters put in issue and actually determined by it."

New Orleans vs. Citizens' Bank, 167 *U. S.,* 371.

In this case the complaint alleges the issues presented by the pleadings in the former suit of the United States Court and that there was a final judgment on the merits therein in favor of the plaintiffs. It was necessary to allege that the former suit *had terminated in favor of these plaintiffs.* It was proper pleading to allege how it so terminated, whether by discon-

tinuance or by final judgment. *The allegation was that it terminated by a final judgment on the merits, because that was the fact to be proved.*. Even if it had not been alleged, the judgment was the proper and necessary proof of such termination.

By pleading and putting the judgment in evidence *as a judgment* which had determined the issues in favor of the plaintiffs, a Federal question was presented and remained in the case.

Com. Pub. Co. vs. Beckwith, 188 *U. S.,* 567, 569.

The only other step the plaintiffs could have taken would have been to tell the trial court that as a judgment it determined the issues.

It is a familiar rule that the necessary intendments of law from facts pleaded need not be set forth in a pleading. This allegation was followed by the production in evidence on trial of the record of the pleadings and the judgment, which show it to be a judgment upon the merits in favor of the plaintiffs.

Can it ever be necessary in pleading a judgment or offering it in evidence, to make the claim, by stating to the court, that it determined the issues in that action because it was a judgment? The fact was that it determined the former action favorably to the plaintiff by a judgment determining the issues in his favor; had it done anything less or different it would not have been a judgment. And when in evidence, it advised the Court of that fact, and of nothing else that was material to the case, and that was the material fact thus alleged and thus proved. And if it had not been pleaded, but had been offered in evidence as the judgment between the same parties determining the former action in favor of these plaintiffs the legal situation would have been the same. It was before the court and could only have been before it as a judgment determining the issues. It cannot be said legally or judicially that the Court was not advised that as a judgment it determined the issues.

It does not appear ever to have been doubted in this Court that when a judgment of the United States Court is received in evidence as a judgment and is not attacked for fraud or want of jurisdiction the question whether due effect has been given

to it is a question which this Court has jurisdiction. (*Southern Pacific R. Co. vs. U. S.*, 168 *U. S.*, 1, 49.)

It is not always necessary that the Federal question should appear affirmatively on the record or in the opinion if an adjudication of that question was necessarily involved in the disposition which was made of the case by the State Court. (*Kaukanna, etc., Co. vs. Green Bay, etc., Co.*, 142 *U. S.*, 254.)

The rule appears to have been uniformly held by this Court that, wherever such a judgment has been received in evidence upon the trial of the action, the question "whether due effect has been given by a State court to such judgment or decree of a court of the United States is a Federal question within the jurisdiction of this Court." (*Central National Bank vs. Stevens*, 169 *U. S.*, 432, 460; *Crescent City, etc., Co. vs. Butchers' Union*, 120 *U. S.*, 141; *Deposit Bank vs. Frankford*, 191 *U. S.*, 499, 514-516.)

Southern Pac. R. Co. vs. U. S., 168 *U. S.*, 1.

There was never any judgment in this case till the Court of Appeals, nor was there in the lower courts any denial of the due force and effect of the judgment of the Federal Court. It could only be "drawn in question" by a State *court* to give this court jurisdiction.

When judgment was rendered "by the highest court of the State in which a decision in the suit could be had," resting it wholly and expressly—not upon any State statute or law—but upon a conclusion directly contrary to the previous Federal judgment, the plaintiff alleged by their assignments of error that that Court had refused to give due effect to the former judgment.

The Court of Appeals, as already shown, *must* have affirmed and given judgment absolute but for its conclusion of infringement, contrary to the former judgment.

And the failure to expressly refer to the Federal judgment,

in the opinion, makes no difference in the legal question, as has been many times held by this Court.

Des Moines Nav. Co. vs. Iowa Homestead Co., 123 *U. S.*, 552.

Missouri, K. & T. Ry. Co. vs. Elliott, 184 *U. S.*, 531.

The case is the same as *Wedding vs. Meyler*, 192 *U. S.*, 573. Mr. Justice Holmes there says: "The judgment and opinion of the Court of Appeals both disclose that the decision was against the right under the statutes referred to."

Hulbert vs. Chicago, 202 *U. S.*, 275, 280, it is submitted is not in point. That was under the third clause of Sec. 709, and the objection had been overruled in effect by every State court without exception or assignment of error, and it was held waived under the Illinois practice. Here the validity of the judgment was unquestioned till the Court of Appeals, and it first pronounced the *judgment as in Wedding vs. Myler, supra.* There is no statutory requirement as to time of objection under first class of 709. The only question is whether the party by laches has waived his objection. There is no ground to claim a waiver here. Even under the third class there would have been no waiver of rights under a judgment which had been alleged and proved.

Merchants' Nat. Bank vs. Wehrman, decided the same day as the Hulbert case, in principle upholds the jurisdiction.

Your petitioners beg to refer to pp. 41-43 of their brief to show that their counsel made an abundant citation of authorities on the question of jurisdiction, even though none were cited for defendant.

They believe that under the statute and the great body of decisions of this Court they have shown that this Court clearly has jurisdiction. They respectfully submit that they believe they have the right as citizens to have the question examined with sufficient care to decide it in accordance with the law as settled by Section 709 and the numerous decisions of this Court.

And your petitioners pray, therefore, that an order may be made for a rehearing of the argument in this case, on a day to be appointed by this Court, at the present term and upon such points as the Court may direct.

ALFRED H. BURT and
JOSEPH J. SINDELE.

By NORRIS MOREY,
Counsel.

I respectfully certify that I believe the grounds assigned for the foregoing petition for a rehearing are meritorious and well founded in law and fact.

NORRIS MOREY,
Of Counsel.

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Plaintiffs in Error,

vs.

WILLIAM W. SMITH,
Defendant in Error.

Error to the Court of Appeals of the State of New York.

Statement of Case, Brief and Argument

for the Defendant in Error.

MILTON A. FOWLER,
Attorney for Defendant in Error.

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STATEMENT.

This action was brought by the plaintiffs for damages for malicious prosecution in bringing an action in equity against the plaintiffs in the Circuit Court of the United States, Northern District of of New York, and obtaining therein an injunction *pendente lite* after a full hearing on notice in which

opposing affidavits were presented and arguments were made on both sides.

Plaintiffs affidavits, pages 71 to 80 of the Case.

Defendant's affidavits, pages 81 to 91.

Upon appeal the order of Judge Coxe was reversed and the action was then allowed to fall.

This action, which was brought two years afterwards, came on for trial before Mr. Justice Kenefick and a jury at a trial term in Erie County.

At the end of the plaintiff's case the court granted a non-suit, holding that the decision and order of Judge Coxe constituted conclusive evidence of probable cause for the bringing of the action, and that the facts disclosed by evidence before him, were substantially the same as those proven by both parties before Judge Coxe.

Opinion of Judge Kenefick, pages 105 and 106.

Exceptions were directed to be heard in the first instance in the Appellate Division, Fourth Department.

The Appellate Division, by divided Court, reversed the judgment of the Circuit, holding that the case should have gone to the jury on the question of probable cause, and ordered a new trial.

Opinion of Appellate Division, pages 111 to 114.

Dissenting opinion, page 114.

From the judgment of the Appellate Court an appeal was taken to the Court of Appeals of the

State of New York, with stipulation for judgment absolute in the event of an affirmance there.

The case comes to this Court upon a Writ of Error, the errors assigned being nine in number. Record, pages 121-124.

They may, however, be grouped under general heads as follows :

First—That the Court of Appeals of the State of New York should have treated the order of the Circuit Court of Appeals, setting aside the injunction and giving judgment for the defendants in the original action, as conclusive and as establishing beyond all question that the devices of the defendants in that action, both in their drops and packages, did not infringe upon either the Registered or Common Law trade marks of the plaintiffs therein. And hence that the subject should be treated as *res adjudicata.*

Second—That the Court of Appeals erred in holding and treating as evidence the judgments and orders sustaining the defendant's rights to his trade marks, both Registered and Common Law, which were put in evidence by the plaintiffs in error in this action, they being part of the record upon which the original injunction complained of was granted. Record, pages 27-68 inclusive. Also the affidavits, pages 76-91, which were subsequently put in evidence by the plaintiffs in this action under the ruling of the Court that they were a part of the record in the injunction action and must be included.

Third—That the Court of Appeals erred in holding that the undisputed evidence given by plaintiffs in error established as matter of law that the defen-

dant had probable cause for bringing the original action, and for obtaining the injunction complained of, thereby going contrary to the provisions of Article 14, Section 1, of the Constitution of the United States.

The claim being that in refusing to treat the judgment of the Circuit Court of Appeals as *res adjudicata*, upon the question of probable cause as well as upon the alleged violation of the trade marks the plaintiffs were deprived of their property without due process of law and were deprived of the equal protection of the laws.

FACTS.

The defendant, with his brother, since dead, began the manufacture of cough drops prior to the year 1875.

Smith Brothers cough drops with the letters "S. B." on them, were manufactured as early as 1876.

Testimony of Charles E. Van Nort, page 93.

Q. How long after, if you recollect, that you sent those drops was it that you saw the S. B. drops with the "S. B." on them?

A. Well I was at their place in 1876. I recollect seeing them at that time.

By the Court: With the S. B. stamped on them? A. Yes, sir.

Prior to June 7th, 1875, they had not manufactured any drop with the initials "S. B." on it. I cannot say exactly how long after June 7th, 1875, it was that they commenced to manufacture drops with the initials on them, possibly six months.

They got the rollers with which they made these drops with S. B. on them from Mills & Brothers in Scranton or Philadelphia."

Testimony of Charles Wood, page 93.

In February, 1882, Justice Barnard, sitting in Dutchess County, New York, granted a decree against James Leatted and his partner, restraining them from making and selling drops in imitation of those of Smith Brothers or having thereon a star or a star surrounded by a circle, or ring, or the letters S. P., or any similar letters resembling those used by plaintiffs.

Record pages 44–47.

The plaintiff, Alfred H. Burt, was employed by James Leatted and partner and knew of the judgment against them aforesaid. "He told me that Smith Brothers had brought a suit against him and that he had consented to a judgment being taken restraining him from using S. P." Testimony of Burt, page 73.

He started in business with Mr. Sindele as partner and manufactured cough drops with a design B. & S. with bars above and below the letters. Exhibit A, page 22.

In 1891 they sold 122 boxes of their cough drops and in 1892 they sold 1080. Testimony of Burt, page 25.

They changed the style of package to Exhibit B in 1892. Testimony of Burt, page 22.

And in 1893 and 1894 their aggregate sales were 11,969 boxes. Testimony of Burt, page 25.

This new style of package, Exhibit B, had upon it this device "New Style Package Adopted 1892." Testimony of Burt, page 23.

In 1895 the defendant, the successor to and one of the old firm of Smith Bros.', filed a bill in the United States Circuit Court for the Northern District of New York against Burt & Sindele and prayed for an injunction, restraining any further infringement of Smith Bros. trade mark. Bill (page 27). The bill alleged the filing of the registered trade marks under the Statutes of the United States (page 28). That the trade marks had been used in commerce with Canada and other foreign countries (page 29), and alleged an infringement by Burt & Sindele, and that they were selling the infringement for commerce with foreign nations (page 36). The bill also asked for a preliminary injunction restraining the defendants from any further infringement of the trade marks or any part thereof or of the label, pending the cause. Mr. Smith noticed a motion for a preliminary injunction, returnable February 12th, 1895, before Judge Alfred C. Coxe. (Notice of motion page 75). Mr. Burt was informed of this motion for an injunction by his counsel, Mr. Morey, who told him he would have to appear at Utica before Judge Coxe on application for the injunction. For this purpose Mr. Burt procured the affidavits of fourteen different persons to be made (affidavits pages 81 to 91). He attended court himself on the hearing of the injunction, Judge Coxe hearing the arguments of both Seward Davis, Esq., of New York City, for Mr. Smith, and Norris Morey, Esq., for Burt and Sindele (page 74).

On the eight day of April, 1895, at a term of the Circuit Court of the United States for the Northern District of New York in the Second Circuit, held by Judge Coxe, the following order was made :

"On reading the bill of complaint and the affidavits heretofore filed in this action and on hearing Seward Davis, Esq., in favor of said motion, and Norris Morey, Esq., opposed, it is ORDERED that an injunction be awarded to restrain the defendants, their agents, servants, and employees from infringing the complainant's trade mark No. 22,294, by stamping the letters B. and S. upon cough drops sold by them, or upon the boxes in which said cough drops are sold. The writ is to issue after five days from the date of this order." (Pages 62-3.)

The preliminary injunction was issued and was served on Burt & Sindele by the United States Marshal, on the sixteenth day of April, 1895 (page 119).

The opinion by Judge Coxe upon granting the preliminary injunction is to be found in the record at page 15, and is as follows :

"Coxe, J. The validity of the complainant's trade marks has been repeatedly upheld by an apparently unbroken line of decisions in the State and Federal Courts. The only open question is one of infringement."

The trade mark registered January 3d, 1893, states as follows :

The essential feature of our trade mark consists of the letters " S. B.," which have 'since the first of January, 1874,' been applied to boxes containing cough drops and to the cough drops themselves.

The defendants stamp the letters " B. & S." on their boxes and drops.

It was thought at the argument and it is still thought, in view of all the circumstances, in view of the almost literal copying of a part of the complainant's directions that the use of these letters in this manner constitutes an infringement.

Pillsbury vs. Pillsbury Co., 64 Fed. Rep., 841;
Fairbanks vs. Lard Co., 64 Feb. Rep., 133.
Giron vs. Gartner, 47 Fed. Rep., 467.
Brown vs. Stearns & Co., 37 Fed. Rep., 360;
Hutchinson vs. Blumberg, 51 Fed. Rep., 829-832;
While vs. Muller, 50 Fed. Rep., 277;
Wellman vs. Ware, 46 Fed. Rep., 289.

If the defendants are sincere in their assertion that they wish to rely solely upon the merits of their own goods, it will in no way injure them to desist from the use of letters which the complainant had employed for so many years; indeed, such discontinuance will relieve them from an imputation which must be most distasteful to men who desire to resort only to upright business methods.

The complainant is entitled to an injunction restraining the infringement of the trade mark of January 3d, 1893, numbered "22,294."

Burt & Sindele appealed from the injunction order to the Circuit Court of Appeals assigning six separate grounds of error, which are found in the assignment of errors, (page 64).

The decree of the Circuit Court of Appeals was entered on January 21st, 1896, by which it was "ordered and adjudged that the said order and injunction be and the same is hereby reversed upon the merits and the writ of injunction issued by said

order, bearing date April 5th, 1895, be and the same is hereby vacated (page 65).

The opinion of the Circuit Court of Appeals was written by Judge Lacombe and is to be found at pages 15 to 17 of the record. It will be seen by an examination of the opinion of Judge Lacombe that the injunction order of Judge Coxe was reversed because the Circuit Court of Appeals was of the opinion that Judge Coxe erred in holding that the registered trade mark of the two letters "S. B." was infringed by the combination "B. & S."

Judge Lacombe further says:

"It is apparent from the opinion of the Judge who heard the case in the Circuit Court, that it was these similarities that induced him to grant the motion for preliminary injunction. But these matters are *immaterial to the questions presented in this suit for the determination of the Federal Court.* The complainant and defendants are all citizens of the same state. The Federal Court can take jurisdiction, therefore, only of the question whether the registered trade mark declared upon has been infringed, and that trade mark solely for the two letters "S. B." without any designation of style or type, position on the cover, or association with other elements of dress or decoration." (Page 17.)

The Circuit Court of Appeals having thus decided that the common law features of the bill were not within the jurisdiction of the Circuit Court, and that there was not an infringement contrary to the provisions of the Statutes of the United States there was nothing left upon which to go to trial and accordingly at the next term of the Circuit Court on February 3d, 1896, upon complainant's default the

complaint was dismissed upon the merits with costs against the complainant, Smith, which he paid.

No undertaking was given by Mr. Smith on procuring the injunction. The order for the injunction did not require any undertaking. There is no evidence that Burt & Sindele even applied for an undertaking.

About two years after the entry of the judgment dismissing the bill in the Circuit Court of the United States, and on January 20th, 1898, Burt & Sindele commenced this action by the service of a summons. They served an amended complaint October 31st, 1898, and issue was joined on November 30th, 1898.

In their complaint the plaintiffs alleged that the defendant maliciously and without probable cause procured to be issued and served upon Burt & Sindele the writ of injunction granted by Judge Coxe. The complaint claims large damages as the result of this injunction.

In his answer Mr. Smith admits the commencement of the action, but denies that the action was commenced with malice and without probable cause. Denies that the writ of injunction was procured maliciously and without probable cause, and alleges that no injuncion was issued by the Circuit Court in said action until hearing and determination was had thereon upon the merits. He further alleges that the complaint was dismissed upon technical grounds and not upon the merits.

The answer of Mr. Smith further sets up the facts upon which he bases his claim to a right to be protected against infringement.

The issues came on for trial before Mr. Justice Kenefick and a jury, at a trial term in the City of Buffalo, on the seventeenth day of June, 1901.

The plaintiffs to make out their cause of action called as witnesses, the plaintiff, Mr. Burt, Joseph Crump, Charles F. Van Nort and Charles Wood, who testified on this trial to substantially the same facts set forth in their affidavits read before Judge Coxe in opposition to Mr. Smith's motion for an injunction.

Compare the testimony of Mr. Crump at page 21, with his affidavit at pages 83 to 85.

Compare the testimony of Mr. Van Nort at page 92, and of Mr. Wood at page 93, with their respective affidavits, Van Nort's affidavit at pages 88-89, and Wood's at pages 85-86.

Make the same comparison between the contents of the affidavit of Mr. Burt, the plaintiff, at pages 81-82, with his testimony at pages 21-27 and 66 to 68 and 69 to 74 and 103-104.

In addition to these witnesses, plaintiffs called Bacon, who gave evidence of making similar cough drops with letters D. B. on them (94); Mills who made a machine for Smith Bros.' cough drops on October 9th, 1875, similar to one which he had used for Van Nort and Smith (96); and three witnesses, Hill, Wende and Bissel, who swore that a cough drop manufactured from the ingredients and in the proportion shown by Burt & Sindele's cough drop formula would not be unwholesome.

The evidence of the witness Wright bears solely upon the question of damages.

The record presented to Mr. Justice Kenefick is therefore substantially the same as that which was

before Judge Coxe on the argument of the motion for the preliminary injunction, and was so regarded by him (page 106).

Judge Coxe with his many years of experience in trade mark cases, reached the conclusion that there was probable cause for the prosecution of the suit in his court and granted the order for the injunction.

Now because he made a judicial error according to the Circuit Court of Appeals, the Courts are asked to declare upon the same state of facts that Mr. Smith acted without probable cause in the prosecution of his action before Judge Coxe.

At the close of the plaintiff's case Mr. Justice Kenefick after stating that the same state of facts appeared before him as before Judge Coxe, took the view that the judicial determination of Judge Coxe after a hearing upon the pleadings and upon affidavits was sufficient evidence of probable cause to warrant a non-suit.

The Appellate Division reversed the judgment, holding, as appears from the majority opinion (page 111) that the Trial Court was in error in deciding that the injunction was conclusive evidence of probable cause and that the question of probable cause should be submitted to a jury upon all the evidence and that the Trial Court should pass upon it in the first instance if it is a question of law.

Having stated its uncertainty upon the proposition, the Court finally concludes that the question *in this case* (whatever that may be the Court does not disclose) is one of fact for the jury under proper instructions by the Court (page 113).

POINTS.

POINT I.

This court has no jurisdiction to hear this case upon the Writ of Error when there is no suggestion in the pleadings that any federal question is involved; neither was there any claim presented in the State courts by exception or otherwise which involved any such question.

POINT II.

The decision of the Circuit Court of Appeals is only *res adjudicata* upon the question whether the use of the letters "B. & S." upon their drops and boxes by the plaintiffs in error were a violation of the registered trade marks of the defendant in error. See Decree, Record 65; opinion Judge Lacombe page 62.

POINT III.

The issue in the present action is a simple one. Did the defendant have probable cause for believing that the plaintiffs were infringing upon his registered trade marks, arising from his long use of his peculiar design and the frequent adjudication of the courts, both State and Federal in his favor thereupon.

A. Letters alone may be and frequently are a legal trade mark.

Brown on trade marks, Sec. 39 and Sec. 234.

Hall vs. Burrows, 4 De G. J. & S. 150.

Giron vs Gartner, 47 Fed. Rep. 467.

B. The imitation which will be restrained by injunction need not be exact or nearly so, but must only be such as to deceive the purchaser who uses ordinary observation and makes his purchase under ordinary conditions.

Godillott vs. Am. Grocery Co. 71 Fed. Rep. 873. Holding that the letters "A. & G." in a monogram are an infringement on "A. G. & Co."

Godillot vs. Harris, 811 N. Y. 263. Holding that "F. G." in monogram infringes "A. G."

Frank vs. Sleeper, 150 Mass. 583. Holding that "N. S." is infringed by "N. & S."

Cardiere vs. Carlysle, 3 Beaver 292. Holding "C. B." is infringed by "C. S."

Singer Mfg. Co. vs. Bent, 163, U. S. 205, holding that N. Y. S. M. Mfg. Co. are an imitation of "Singer Mfg. Co."

Welsbach Light Co. vs. Adam, 107 Fed. Rep. 463. Holding that "U. C. A." infringes "Yusea."

National Biscuit Co. vs. Furst, 94 Fed. Rep. 150, holding that "Ivanta" infringes "Uneeda."

C. The uniform decisions of the courts in favor of the defendant could have left no reasonable doubt in his mind that the plaintiffs herein were infringers.

Smith vs. Lutted & Co., pages 44 and 45 of Record "S. P."

Smith vs. Schuster, pages 48 and 49 of Record.

Schmidt Brothers

"S. C."

Cough Drops.

Smith vs. Bird, page 55 of Record.

"Bird Brothers,"

"B. B."

Cough Drops with the busts of two men.

Smith vs. Schwarz, page 57 of Record.

Schwarz & Sons

Cough [S] Drops

had all been held to be infringements of the devices of the defendant.

POINT IV.

The facts being undisputed and resting upon plaintiff's own evidence, the question as to whether plaintiff in the injunction action had probable cause for bringing the same is one of *law*.

Lord Mansfield, 1 Term Reports, 544.
Humphries vs. Parker, 52 Maine, 502.
Ash vs. Marlowe, 20 Ohio, 119.
Stewart vs. Sonneborn, 98 U. S., 187.
Staunton vs. Gashon, 94 Fed. Rep., 52. 14 *Am. & Eng. Enc. of Law*, 5 (1st edition).

POINT V.

The Court of Appeals did not err in deciding, as matter of law, that the defendant had probable cause to commence the action and procure the injunction, because the packages and drops of the plaintiff resembled his own so closely as to be calculated to de-

ceive the careless and unwary, and that the average purchaser would not know the difference.

Coleman vs Crump, 70 N. Y., 573.
Carl vs Ayres, 53 N. Y., 14-17.

POINT VI.

Actions for malicious prosecution of civil actions are not favored by the Courts, hence to sustain such an action the proof must clearly establish that there was no reasonable ground for supposing that the action brought could be sustained.

Am. Enc. of Law, Vol. 14, page 32, and cases there cited (1st edition).
Willard vs. Holmes, 142 N. Y., 492-496-7.
Daniels vs. Fielding, 16 M. & W., 201.
Palmer vs. Foley, 71 N. Y., 106-109.
Marks vs. Townsend, 97 N. Y., 597.

POINT VII.

The decree of the Circuit Court of the United States, that there was an infringement upon the registered trade mark and unfair competition, is sufficient evidence of probable cause for the prosecution of the suit to make due and complete defense to this action for malicious prosecution.

The fact that the Circuit Court of Appeals reached a different conclusion does not in any degree lessen the effect of the decision of Judge Coxe as evidence of probable cause.

Crescent City Live Stock Co. vs. Butchers' Union, 120 U S., 141–158–9.
Spring vs. Besore, 12 B. Mon., 551–555.
Short & Co. vs. Spriggins & Co., 104 Georgia, 628.

This is a case of injunction pending trial of the action and is directly in point.

Clements vs. Odorless Excavating Apparatus Co., 69 Maryland, 461.
Hartshorn vs. Smith, 104 Georgia, 235.

POINT VIII.

The plaintiffs in error in this case have not been discriminated against, denied the equal protection of the laws or been deprived of their property without due process of law within the meaning of the 14th Amendment of the Constitution of the United States by reason of the decision of the Court of Appeals of the State of New York in this case, as they have had a full hearing in all the Courts of the State, which they chose as their forum, and the final decision being against them, they are bound thereby.

ARGUMENT.

UNDER POINT II.

The Circuit Court of Appeals not only reversed the order directing the injunction but eventually decided upon the merits what was then before it upon the bill of complaint in that action. Pages 27-33.

The complaint alleged an infringement of its trade marks both as registered and at common law setting out the facts constituting the infringement with great particularity.

The answer, pages 58-62, left the plaintiff to make proof of most of his allegations by claiming want of knowledge thereof, admitted making and selling by the defendants of the drops and the putting of them up in the boxes as claimed by the plaintiff and denied that in so doing they in any way infringed.

Taking this decision in the broadest sense claimed by the plaintiff in error, it determined that there was no infringement by them upon the trade marks either registered or at common law of the defendant in error.

Assuming that all this was adjudged it came far short of adjudging that the defendant in error had not at the time he brought the action for violation of the trade mark and obtained the injunction *probable cause for believing that there was such violation.*

Judge Lacombe, who wrote the opinion in the Circuit Court of Appeals, reversing the decision of

Judge Coxe, had himself decided that the letters "G. & F." were an infringement upon the letters "G. F." when the ampersand was small.

Giron vs. Gartner, 47 Fed. Rep., 467.

This case was relied upon by Judge Coxe in granting the order for the injunction and is cited by him in his opinion written, upon deciding the motion for the injunction (page 15).

Mr. Smith and his counsel had a right to rely upon the same case and to believe that the similarity between "B. & S." and "S. B." was as great a similarity as between "G. & F." and "F. G." when embossed upon a cough drop of the same size, shape and color and that, therefore the Circuit Court of Appeals in which Judge Lacombe sat would so rule.

"What similitude will be sufficient to constitute an infringement is a nice and delicate question in most cases. It is established that exact similitude is not necessary or evidence of actual deception of the public. The general rule is that any simulation which in the opinion of the Court, should be likely to deceive and mislead an ignorant and incautious purchaser will be sufficient."

"Another rule, and one which might be applied in all cases, is this: 'When he begins to sell an article in competition with a similar article of established reputation, he is held to a high standard of responsibility to avoid danger of confusing his article with that of his successful rival, and particularly is this the case where from the nature of the article and the custom of trade, all articles of that class are put up in very similar shape If a dealer coming in to a field already occupied desires to deal honestly

and avoid the danger of confusion, he can with comparative ease devise a means of doing so."

26 Amer. and Eng. Enc., page 447 and cases cited." (First edition.)

The defendant in error is only to be held responsible for the light he then had.

What an Appellate Court would subsequently hold he could not anticipate.

Counsel has throughout the case as well as before this Court, laid great stress upon the former judgment but has failed to make the distinction here set out, and as we think established.

The interpretation of the law contended for by him would warrant an action for malicious prosecution in every case where a Court was reversed.

UNDER POINT III.

In addition to the cases there cited and which would appear to demonstrate that the imitation, which was set out by Judge Coxe in the following language: "The defendants stamped the letters 'B & S' on their boxes and drops. It was thought at the argument, and is still thought in view of all the circumstances, in view of the almost literal copying of a part of the complainant's directions that the use of these letters in this manner constitutes an infringement," was such as would lead any sane man to believe that he had probable cause for claiming an infringement.

The Court of Appeals in its unanimous opinion, says with relation to this imitation :

"The cough drops of the plaintiffs were substantially the same in size, color and form as those

of the defendant. They were stamped on one side 'B & S' surrounded by a circle, and on the other 'B. & S.' with a bar above and below. Those of the defendant were stamped on one side 'S. B.' with a bar above and below, and on the other with a star of five points, surrounded by a circle. The packages used by the parties looked alike but varied somewhat in design. On either end of the defendant's package was printed '5 cents,' and on one side 'Price 5 cents.' On the bottom of both was printed matter identical in some respects and conveying the same meaning in all respects. Other resemblances are as follows: 'Cough B. & S. Drops,' instead of 'Cough Drops;' 'the only genuine have the letters B. & S. stamped on both sides of the drop, instead of 'S. B.' stamped on each drop; 'the original cough B. & S. drops,' instead of 'Smith Brothers' S. B. cough drops.'"

UNDER POINTS IV AND V.

In the case of Anderson vs. Howe, 116 N. Y., 338, Judge Potter in giving the opinion of the court says:

"Trials in actions of this character do not ordinarily need to proceed as far as was done in this case, as the burden is upon the plaintiff to show want of probable cause and malice upon the part of the defendant, and unless the plaintiff's evidence establish the want of probable cause and malice the defendant will be entitled to a dismissal of the complaint. (81 N. Y., 428; 97 N. Y., 590)."

"Another principle easily applicable to this class of cases is this: that where there is no dispute about the facts the question of the existence of probable

cause, or as generally stated, the absence or want of probable cause, is a question for the Court and not for the jury."

If the principle established by the cases cited under point IV will protect a man who has caused the arrest of another, they certainly should apply with equal or stronger force to protect a man who simply seeks to enforce his own rights in a civil action.

The Judge at the trial at the Circuit could in perfect accord with the decisions quoted have decided that there was no sufficient proof of want of probable cause and could have held as a matter of law that there was probable cause by reason of the similarity above described in the quotation from the unanimous opinion of the New York Court of Appeals.

That Judge having failed to decide it upon that ground and having based his opinion and decision upon a ground which was not concurred in either by the Appellate Division or the Court of Appeals it was entirely competent and proper for that court to render the decision and judgment, which it did, as being the proper interpretation of the law of the case and decisive thereof.

UNDER POINT VI.

"An action for malicious prosecution in a civil action generally is not to be viewed with any favor, for in theory of the law the costs awarded by the Statute to the successful defendant are an adequate compen ation to him for all damages. In this country the authorities are not agreed upon the doctrine governing such cases as may be seen by reference to the cases collated in the Amer. and Eng. Enc. of Law, Vol. 14, page 32. (1st Edn.)

"To sustain an action for malicious prosecution in prosecuting a former civil action, the circumstances must appear to have been such that *no reasonable man could have been influenced thereby to the belief that the former action was maintainable.* The question is not what the actual facts were, but what defendant had reasonable cause to believe they were, when instituting the former action; and if, as he so believed, they furnished reasonable cause, the failure of the action is no evidence of want of probable cause or of malice."

The above is the language of the Court in

Williard vs. Holmes, 142 N. Y. 493.

In the Willard case Willard's property had been attached on the ground of his non-residence in an action to recover money which the directors of the corporation supposed the company had lost through the unauthorized act of Willard while its treasurer.

When the case came on for trial the complaint was dismissed and judgment ordered in favor of Willard which was eventually affirmed in the Court of Appeals. (125 N. Y. 75). The complaint was dismissed because the court held as a matter of law it must be assumed that the directors had acquiesced in the proceedings of Willard, and hence no action could be maintained against him for damage.

In commenting upon this in the malicious prosecution action Judge Gray said: "The question was mainly one of law, and a mistaken belief as to his liability to the company upon the supposed facts should not have exposed the company to a suit for malicious prosecution." (Page 500.)

He also said that under the circumstances: "Every intendment should and will be against this plaintiff

upon viewing the case presented. Such an action as the present one comes very near to being, if it is not actually, a retrial of the former case and for its justification *requires the plaintiff to make out a very glaring case of the commencement of an action against him without any reasonable grounds at the time for a belief that he had rendered himself liable thereto.* The circumstances to sustain this right of action must appear to have been such that no reasonable man could have been influenced thereby to the belief that the plaintiff had unauthorizedly committed the company, whose officer he had been, to a liability which it should not have incurred and which was foreign to its chartered purpose." (Pages 496–497).

After discussing the claim that the attorneys were aware of the true state of the facts, Judge Gray, said: "It does not alter this case. * * * The mistake of the attorneys was upon the legal questions. * * * There was reasonable ground in the discovery by the directors of the facts connected with Willard's transactions upon which to found a genuine belief that a cause of action existed against him and, with the advice of counsel, there was justification for their proceeding; in the facts if not in the law. They were bound to predicate their action upon the facts real or honestly supposed: *but they were not to come under legal condemnation for not having anticipated the legal conclusion of the court from the facts as proved.*" (502–503).

Where process sued out by a party is afterwards set aside for error the party is not liable in an action for damages; where it has been set aside for irregularity or bad faith in obtaining it, he may be. Williams vs. Smith, 15 Com. Bench, N. S., 596;

108 Eng. Cour. Lr. 594: see also Miller vs. Adam, 52 N. Y., 409; Carl vs. Ayers, 53 N. Y., 141.

Palmer vs. Foley, 71 N. Y., 106-109.

After considering the cases Judge Andrews reached the conclusion that "The authorities seem to establish these propositions, * * * 3rd, if process was regularly issued in a case where the Court has jurisdiction the party may justify what has been done under it after it has been set aside for error in the judgment or proceedings; and an action for false imprisonment in case of arrest or of trespass for property taken under it, will not lie."

Day vs. Bach, 87 N. Y., 56-60.

"If a warrant of attachment or an order of arrest is issued in an action upon facts giving the Judge jurisdiction and the defendant appears and by showing new facts or denying those alleged against him procures the attachment or the order to be set aside, the process is not void or voidable or irregular, but simply erroneous and protects the judge and the party who procures it, although it is set aside, against an action for trespass or false imprisonment. In all such cases these are regular judicial methods and that which was legally done at the time cannot be converted into a wrong by relation, after the process has by judicial action been set aside. This rule of exemption is founded in public policy and is applicable alike to civil and criminal remedies and proceedings that parties may be induced freely to resort to the courts and judicial officers for the enforcement of their rights and the remedy of their grievances without the risk of undue punishment for

their own ignorance of the law, or for errors of courts and judicial officers."

Judge Earl in *Marks vs. Townsend*, 97 N. Y., 597.

In Williams vs. Smith, 14 C. B. (N. S.), 596, Williams, J., said: "The party causing process to be issued is not responsible for anything that is done under it when the process is afterwards set aside not for irregularity but for error" And Byleas, J., said: "There is a manifest distinction between setting aside process of irregularity and reversing a proceeding for error on appeal. In the one case a man acts irregularly and independently without the sanction of any court. He therefore takes the consequences of his own unauthorized act. But when he relies upon the judgment of a competent court, however erroneous that judgment may be, the party acting upon the faith of it ought to be protected."

Same case, 97 N. Y., 598.

Judge Earl then cited the case of Day vs. Bach, and approved the three propositions in that case laid down by Judge Andrews.

Marks vs. Townsend, 97 N. Y., 590-600.

"Where in an action for malicious prosecution on the charge of larceny it appears that while the charge of larceny was made on technical terms the facts and circumstances upon which it stands were stated and established by the evidence, the action cannot be maintained. The affiant is responsible for those statements, but not for the legal conclusions drawn therefrom. The plaintiff in such an action is bound to establish, first the want of reasonable and

probable cause for complaint made by defendant, and second, that it was instituted for malice; whether he has done so is for the court to determine as a matter of law after assuming that the evidence is true."

Thaule vs. Krekeler, 81 N. Y., 428.

UNDER POINT VII.

As sustaining our position taken under this point we claim that as the Circuit Court of the United States had jurisdiction of the parties and of the subject matter and the order for the injunction, which was made upon notice, and after reading the pleadings and affidavits and opposing affidavits and after hearing arguments of counsel and after due deliberation, was sufficient evidence of probable cause for the institution of the suit, although subsequently reversed by the Circuit Court of Appeals.

"The judgment or decree of a court having jurisdiction of the parties and of the subject matter, in favor of the plaintiff, is sufficient evidence of probable cause for its institution, although subseqently reversed by the appellate tribunal.

It will avail him as a complete defence in an action for a malicious prosecution, although it may appear that he brought his suit maliciously for the mere purpose of vexing, harassing and injuring his adversary."

The foregoing is quoted from the opinion of the Supreme Court of the United States in a case which is controlling in the case at bar. The case referred to is one of the cases growing out of the famous slaughter house cases. The Crescent City Live Stock Company by an act of the Legislature of Louisana was invested with the sole and exclusive privilege of

conducting a slaughter house within the city of New Orleans and vicinity. The Supreme Court of the United States sustained the validity of this monopoly on the ground that the grant was a police regulation. Afterward a new state constitution was adopted by which the monopoly was abolished. Thereafter the Butchers' Union was incorporated and authorized to conduct a slaughter house in the same territory. Thereupon the Crescent Live Stock Company began an action in the Circuit Court of the United States against the Butchers' Union, setting up its exclusive right and alleging that the defendant was about to violate the same, and praying for an injunction. After notice and hearing the charges, that court granted the injunction as prayed for *pendente lite*. Afterwards this decree of the Circuit Court was reversed by the Supreme Court of the United States on the ground that the monopoly granted was not a contract and that the State had the right to enact the subsequent legislation conferring equal powers upon the Butchers' Union.

In granting the preliminary injunction the Crescent Live Stock Company was required to give a bond in the sum of eight thousand dollars. After the reversal by the Supreme Court the Butchers' Union commenced an action against the Crescent City Live Stock Company to recover the amount of the bond and the further sum of seventy thousand dollars damages on the alleged ground of a malicious prosecution by the complainant therein of the said bill in equity for an injunction. A verdict was rendered upon the bond and also for the sum of fifteen thousand dollars damages for malicious prosecution. Upon the trial the defendant relied upon the decree of the Circuit Court of the United States granting and

perpetuating the injunction as conclusive proof of probable cause for the institution and prosecution of the suit complained of. The State Court left it to the jury to determine whether the decree of the Circuit Court constituted probable cause and declined to charge that the judgment of the Circuit Court constituted probable cause for instituting the suit. The Supreme Court of the State affirmed that decision. Thereupon the Crescent City Live Stock Company sued out a writ of error in the Supreme Court of the United States. After a thorough consideration of the question that court decided that the decree *pendente lite* constituted probable cause.

Crescent City Live Stock Co. vs. Butchers' Union, 120 U. S., 141.

That case is controlling and decisive of the case at bar. In this case Smith began an action against Burt & Sindele, in the United States Circuit Court for the Northern District of New York, seeking a permanent injunction to restrain Burt & Sindele from the use of Smith Bros.' trade mark. The action was commenced on the twenty-third of January, 1895. Smith then moved upon affidavits and notice of motion, returnable February 12, 1895, for the preliminary injunction. Upon the hearing of the motion Burt & Sindele filed affidavits of fourteen persons in opposition. Judge Coxe after due deliberation ordered that an injunction should be awarded to restrain Burt & Sindele.

Burt & Sindele appealed to the Circuit Court of Appeals from the order granting the injunction. The Circuit Court reversed the order upon the ground that, "If the trade mark registered is only for the two letters 'S. B.' arranged in that order, it is not

an infringement by the mere use of the combination 'B. & S.' The Court pointed out in the opinion of Judge Lacombe, 'That as both parties were residents of the State of New York, the Circuit Court could take jurisdiction only of the question, whether the registered trade mark had been infringed, and could not regard as material the similarities in the form, size and color of the drops, or in the arrangement of the package, in the text and style of the directions for the use, and other details tending to show an attempt to deceive the purchasing public.' "

Thereafter Smith permitted the action to be dismissed with the costs, which he paid. No bond was required by the Circuit Judge as a condition of granting the injunction.

In the case at bar the Circuit Court had jurisdiction of the parties and of the subject-matter of the suit so far as the subject-matter was an alleged infringement of a registered copy-right. So that, although it did not have jurisdiction of the subject-matter, so far as it related to unfair competition, because both parties were residents of the same state, the Court had jurisdiction. It is true that the Court judicially erred in deciding that the registered trade mark was infringed, but its judgment, although reversed for this error, is sufficient evidence in favor of the plaintiff who instituted the suit or action in which it was rendered when sued for a malicious prosecution that he had probable cause for his proceeding.

Crescent City Live Stock Company vs. Butchers' Union, 120 U. S., 141, 158, 159.

"The rule in question * * * was not established out of any special regard to the person of the

party. The rule is founded on deeper grounds of public policy in vindication of the dignity and authority of judicial tribunals constituted for the purpose of administering justice according to law, and in order that their judgments and decrees may be invested with that force and sanctity which shall be a shield and protection to all parties and persons in privity with them. The rule, therefore, has respect to the Court and to its judgment, and not to the parties, and no misconduct or demerit on their part, except fraud in procuring the judgment itself, can be permitted to detract from its force. It is equally true and equally well settled in the foundations of the law that neither misconduct nor demerit can be imputed to the Court itself. It is an invincible presumption of the law that the judicial tribunal, acting within its jurisdiction has acted impartially and honestly. The record of its proceedings imports verity; its judgment cannot be impugned except by direct process from superior authority. The integrity and value of the judicial system, as an institution for the administration of public and private justice, rests largely upon this wholesome principle."

Same case, page 159.

"The correct doctrine on the subject is, in our opinion, that the decree or judgment in favor of the plaintiff, although it be afterwards reversed, is, in cases where the parties have appeared and proof has been heard on both sides, conclusive evidence of probable cause, unless other matters be relied upon to impeach the judgment or decree and show that it was obtained by fraud; and in that case, it is indispensable that such matter should be alleged in the plaintiff's declaration; for, unless it be done, as the

other facts which have to be stated establish the existence of probable cause, the declaration is suicidal. The plaintiff's declaration will itself always furnish evidence of probable cause when it states, as it must do, the proceedings that have taken place in the suit alleged to have been malicious, and shows that a judgment or decree has been rendered against the plaintiff. To counteract the effect of the judgment or decree and the legal deduction of probable cause, it is incumbent upon him to make it appear in his declaration that such judgment or decree was unfairly obtained, and was the result of acts of malice, fraud and oppression on the part of the defendant, designed and having the effect to deprive him of the opportunity and necessary means to have defeated the suit and obtained a judgment in his favor."

Court of Appeals of Kentucky in Spring vs. Besore, 12 B. Mon., 551, 555 ; cited the Supreme Court in the Crescent City Live Stock Company Case, 120 U. S., 150.

The plaintiff in error and the Courts below have attempted to distinguish between the weight that should be given as evidence of probable cause to the interlocutory decree and a final decree of injunction in a like suit.

In considering this point, which does not seem of weight to the defendant in error, it should be remembered that the injunction was granted by the Circuit Court of the United States sitting in equity. The injunction was granted upon notice. The gravamen of the suit was to obtain this relief and the very nature of the facts under consideration demonstrates that the entire facts in possession of both parties would be submitted upon the hearing. Had the cause proceeded to final hearing the only course open

to Smith would have been to take further depositions under the Equity Rules of the United States Supreme Court and submit them in printed form to the court for determination. Such also would have been the course for Burt. And such evidence necessarily cumulative and presumably the opinions of experts in the trade, could be of no enlightenment to the court. The decree, though preliminary in name, when reversed was necessarily final, and under the language of the Crescent Live Stock case should be given the full weight of a final order as evidence of probable cause.

The rule laid down in Kentucky is adopted by Newell in his work on malicious prosecution at page 299 as the true rule.

A case directly in point where the order was for a preliminary injunction which was reversed is the following decided by the Supreme Court of Georgia:

"The partnership of Short & Co. was dissolved by the retiring of one of the partners, the other continued the business and undertook to pay all the indebtedness of the old partnership. Spragins & Co., et al., creditors of Short & Co., presented to a Judge of the Judicial Court of Georgia an equitable petition praying for an injunction to restrain the Shorts from disposing or receiving or collecting any of the assets of the old partnership or the new, and further praying that a receiver be appointed to collect the assets and apply them to the payment of the indebtedness of the partnership."

The Judge sanctioned the petition, granted a restraining order and appointed a receiver.

Subsequently at an interlocutory hearing this order was dissolved and at the term to which the

petition was returnable it was finally dismissed on demurrer.

After the equitable petition had been dismissed Short & Co. brought an action against Spragins & Co. for damages alleged to have been sustained by reason of the institution of the equitable petition and the proceedings thereunder. At the trial of this latter action a verdict was rendered in favor of the defendants. The plaintiffs excepted to the order overruling their motion for a new trial and appealed to the Supreme Court of Georgia.

The presiding Judge in the opinion of the Supreme Court said: "The case turns upon the question whether or not Spragins & Co. had probable cause for filing their equitable petition. The record discloses with certainty that this petition contained a fair, honest and correct statement of the facts relied upon by the plaintiffs therein for the relief sought. This being so, we entertain no doubt that the verdict complained of in the case at bar was demanded and that the judgment of the trial court refusing to set it aside should be affirmed. Certainly if Spragins & Co. had probable cause for bringing their equitable petition there could be no lawful recovery against them in the present case. (Citing Crescent City Live Stock Co. against Butchers' Union, 120, U. S. 149).

"It is well settled that where a civil action is brought for an alleged malicious prosecution of a crime a judgment of the lower court convicting the accused of the offense with which he was charged, if not procured by fraud or false testimony on the part of the prosecution, is though afterwards set aside, conclusive evidence that he acted upon probable

cause. (Citing numerous cases). It has also been ruled that a party obtained an injunction in the Circuit Court of the United States for an alleged infringement of a patent he was not liable to action for a malicious prosecution, although the decision of the Circuit Court was afterwards reversed by the Supreme Court of the United States. (Citing Clements vs. Odorless Co., 67 Md., 461.) In delivering the opinion of the court in that case Robbins, J., said that the order granting the injunction was the delivered judgment of the court of competent jurisdiction that there was not only probable cause for filing the bill for injunction, but that the appellee was entitled to the relief prayed. The judgment thus rendered ought to be considered conclusive as to the question of probable cause, although it was reversed on appeal by the Supreme Court, otherwise in every case of reversal an action would lie for the institution of the original suit.

Another case throwing light upon the question in hand is that of Crescent City Live Stock Co. vs. Butchers' Union, wherein the Supreme Court of the United States held that the question of probable cause is a question of law for the determination of the court, (Citing Steward vs. Sonnybone, 98 U. S., 189–194).

Our conclusion, therefore, is that when Spragins & Co. presented their petition to Judge Butt truly stating therein the facts upon which they relied, it became a question of law whether or not they were entitled to an injunction and the appointment of the receiver.

His honor decided this question in their favor and his decision, although it may have been errone-

ous and subsequently reversed, legally negatives their inference that the proceeding was instituted without probable cause and should accordingly be treated as conclusive evidence upon this question."

Short & Co. vs. Spragins & Co., 104 Ga., 628, (1898).

This case is as nearly in point and decisive of the questions involved in the case at bar, as it is possible for a case to be. The Supreme Court of Georgia in that case adopted exactly the view that was taken by Mr. Justice Kenefick in granting the non-suit in this case. They applied to the preliminary injunction the same principle which the Supreme Court applied to an injunction *pendente lite* subsequently made permanent in the Crescent City case.

It is evident that the case was well considered, all of the justices concurred in the opinion of the presiding Judge and no reason can be found why the same rule should not be applied in the case at bar because the conclusion is sound upon principle as well as upon authority.

Also in an action for malicious prosecution the question of what constitutes probable cause is always a question of law for the court to be determined from the facts established in the case, however complicated or numerous may be the facts, and when the facts are disputed the court must group the various facts which the evidence tends to prove, and instruct the jury that if they find such facts to be established there was or was not probable cause, as the case may be. The court in its opinion said: "Without reviewing the cases cited we deem it enough to say that while there is some apparent conflict in the decisions, the prevailing rule is" as stated in the Cres-

cent City Live Stock Co. vs. Butchers' Union, 120 U. S., 141, where the cases are reviewed at considerable length.

Holiday vs. Holiday, 123 Cal., 26-32.

Clearly then the question of probable cause for bringing an action is not to be determined by the final result arising from subsequent developments. The real question is, did plaintiff at the time he brought his action have reasonable grounds as a fair minded man to believe that he was in the right?

The further fact that the plaintiffs upon the trial in this action for malicious prosecution could establish no further fact as evidence of malice than those submitted by them in opposition to the application for an injunction and which were held by Judge Coxe to be insufficient to defeat Smith's right to injunctive relief, would demonstrate that the decree of the Federal Court, even though preliminary, should still be regarded as conclusive.

The above view taken of the law does not set up a bar to all actions for malicious prosecution in which an injunction is issued, as argued by the plaintiffs in this action, for the way is still open to show that fraud or deception was practiced upon the court or that wrong process was issued.

On the other hand, for courts to countenance the bringing of an action for malicious prosecution in every case where an injunction has been issued, and where the plaintiff eventually fails, would be to encourage litigation to an alarming extent, and would also be a distinct bid for wrong-doers to proceed as rapidly as possible in profiting by their acts of piracy; because the risk of obtaining an injunc-

tion would be so great that the injured parties would hesitate before doing so.

Under the State law the courts require security before issuing an injunction, as an additional assurance that the plaintiff is in earnest in his claim; but under the United States law security is not required and it is left to to the court to determine in each particular case whether it will or will not require a bond.

The determination of the court to issue an injunction without requiring a bond demonstrates that the court deems the case on the facts presented a proper one to be brought and one in which it is quite clear that the plaintiff has probable cause for bringing it.

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